

CLASSIFICATION	RESTRICTED	REPORT	
CENTRAL INTELLIGENCE AGENCY		CD NO.	
INFORMATION FROM			
FOREIGN DOCUMENTS OR RADIO BROADCASTS			

COUNTRY	Communist China	DATE OF INFORMATION	1949
SUBJECT	Economic - Currency exchange	DATE DIST.	25 Apr 1949
HOW PUBLISHED	Daily newspaper	NO. OF PAGES	2
WHERE PUBLISHED	Shang-hai	SUPPLEMENT TO REPORT NO.	
DATE PUBLISHED	18 Mar 1949		
LANGUAGE	Chinese		

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SOURCE Hsin-wen PaoCURRENCY EXCHANGE BETWEEN NORTH CHINA AND OUTSIDE TERRITORIES

The following is the text of the "Temporary Measures Governing Exchange Between North China Area and Outside Territories" which was proclaimed by the North China People's Government on 14 March 1949.

Article 1. These regulations are promulgated (1) to improve domestic circulation of goods, (2) to establish a flourishing economy, and (3) for the convenience of the people in currency exchange. Exchange between the North China area and other Chinese areas (hereafter called Outside Territories) outside the liberated areas will be handled according to these regulations.

Article 2. The North China People's Government appoints the People's Bank of China as the foreign-exchange bank. It shall be responsible for the management and control of foreign-exchange matters.

Article 3. The People's Bank of China will grant permission to certain reputable commercial banks in Pei-p'ing and T'ien-ching to conduct, under its control, exchange business with Outside Territories.

Article 4. The medium of exchange shall be the China People's Bank currency known as FBM, or People's Banknotes.⁷

Article 5. The rate of exchange for Outside Territories currencies shall be announced in the bulletins of the People's Bank of China.

Article 6. Designated banks may, besides comparing value of exchange, except charges for remittances, subject to the approval of the People's Bank of China.

Article 7. Exchange between Outside Territories and banks or money shops other than the designated banks must be transacted by the latter acting as agent. Aside from all remittance charges, however, the fees of the designated banks for this transaction shall not exceed 2.5 percent.

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Article 8. When necessary, the People's Bank of China may set the total amount of inward and outward remittances for a certain period of time and also apportion to each designated bank, for a certain period of time, its highest possible amount of inward and outward remittances.

Article 9. Remittance of funds by the designated banks to Outside Territories shall be limited by the following uses and amounts:

A. Remittances for private individuals shall be restricted to household and school expenses. Household expenditures may not exceed 3,000 yuan PBO monthly. Destination of remittance shall be limited to location of the individual's family. After the remittance has been made, the identification list of the remitter's family should be affixed with a stamp indicating that a draft has been transmitted for household expenses for a certain month. School expenses are limited to 2,000 yuan PBO monthly and the enrollment certificate must be examined before the money can be remitted.

B. Commercial Drafts

1. Draft for goods on order -- The remitter must possess an import permit from the Foreign Trade Administration Bureau and evidence of goods on order before applying for a draft. Moreover, he must produce a written certificate of guarantee that the goods will be delivered by a designated date.

2. Payment of goods -- After the goods have entered, the remitter must show the entry permit from the Foreign Trade Administration Bureau and the customs certificate before he can make the remittance.

Article 10. Banks authorized by the People's Bank of China shall, on the basis of the above regulations, be responsible for the handling of private individuals' remittances and commercial drafts below 5 million yuan, which do not warrant investigation before gaining permission. However, the People's Bank of China may, at any time, institute an investigation.

Article 11. Commercial drafts of 5 million yuan and over must first be reported to the People's Bank of China by the designated banks for examination and authorization before they can be transmitted.

Article 12. At the end of each workday, the designated banks shall report to the People's Bank of China the total amounts of all types of inward and outward remittances transacted on that day with Outside Territories.

Article 13. The People's Bank of China may at any time send examiners to review the accounts and records of the designated banks in their currency exchange transactions with Outside Territories.

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